

Message Text

CONFIDENTIAL

PAGE 01 BRASIL 08655 072112Z

73

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OMB-01 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 SEC-01 JUSE-00 IGA-02

FTC-01 /069 W

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P R 072025Z OCT 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 8219

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 8655

E.O. 11652: GDS

TAGS: EINV, EAIR, PFOR, BR

SUBJECT: ALLEGED LOCKHEED ILLICIT PAYMENTS IN BRAZIL

REF: (A) BRASILIA 8615, (B) AMB CRIMMINS/JOHNSON TELECON, OCT 7, 1976
(C) 75 BRASILIA 5459 (3 JULY). (D) 75 BRASILIA 5569 (8 JULY)

1. SUMMARY. "O ESTADO" OCT 6 ALLEGATIONS THAT USG OFFICIALS ALERTED FONMIN SILVEIRA TO ALLEGED LOCKHEED PAYMENTS IN BRAZIL WERE NOT CONFIRMED IN OCT 7 BRAZILIAN PRESS. "O ESTADO" REPEATED BUT DID NOT ELABORATE ON ITS ALLEGATIONS. USG DENIAL AND GOB SILENCE PROBABLY HELPED DEFUSE PRESS SPECULATION. INSTEAD, OCT 7 PRESS STRESSED THAT INFORMATION ON POSSIBLE LOCKHEED PAYMENTS IN BRAZIL WOULD HAVE TO AWAIT THE RELEASE OF INFORMATION IN A REPORT BEING PREPARED NOW BY LOCKHEED FOR THE SEC AND A US COURT. NOT OF THE STORIES HAD LINKED THE ALLEGATIONS OF LOCKHEED PAYMENTS TO ALLEGATIONS IN JULY 1975 OF NORTHROP PAYMENTS IN BRAZIL FOR THE SALE OF F-5S. END SUMMARY.

2. OCT 7 BRAZILIAN PRESS REVEALED NO INFORMATION THAT WOULD CONFIRM "O ESTADO DE SAO PAULO'S" OCT 6 ALLEGATIONS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRASIL 08655 072112Z

THAT USG OFFICIALS HAD ALERTED FONMIN SILVERIA IN WASHINGTON TO

A FINDING OF QUESTIONABLE PAYMENTS BY LOCKHEED IN BRAZIL (REF A). THE "O ESTADO" REPORTER WHO WROTE THE OCT 6 STORY, CARLOS CONDE, REPEATED THE ALLEGATIONS IN HIS ARTICLE APPEARING TODAY, BUT HE OFFERED NO NEW EVIDENCE OR ELABORATION TO BUTTRESS HIS CLAIMS.

3. THE GIST OF THE OCT 7 PRESS COVERAGE IS THAT SECRETARY RICHARDSON AND SILVEIRA HAD ONLY A GENERAL DISCUSSION OF ILLICIT PAYMENTS AND THE ECOSOC WORK. "JORNAL DO BRAZIL" CITED A COMMERCE DEPT SPOKESMAN, HORACE WEBB, AS DENYING THAT SPECIFIC CASES WERE RAISED, ALTHOUGH WEBB, "COULD NOT EXCLUDE THE POSSIBILITY THAT THE LOCKHEED CASE HAD BEEN DEALT WITH DIRECTLY BETWEEN SECRETARY KISSINGER AND THE BRAZILIAN CHANCELOR." THE "JORNAL AND O ESTADO" STORIES TODAY STRESSED THAT ANY INFORMATION ON PAYMENTS IN BRAZIL WOULD HAVE TO WAIT THE COMPLETION OF A LOCKHEED REPORT, WHICH IS DUE TO BE FINISHED BY NOVEMBER 12 AND TO BE TURNED OVER TO THE SEC AND A US COURT BY JANUARY 12. THE "JORNAL DE BRASILIA" CLAIMED BRAZIL WOULD BE INCLUDED IN THE REPORT.

4. "JORNAL" REPORTED THAT JUSTICE DEPT OFFICIAL, ROBERT STEVENSON, SAID ANY INTERESTED GOVERNMENT COULD SIGN AN AGREEMENT WITH THE JUSTICE DEPT. THROUGH WHICH THE GOVERNMENT CAN OBTAIN DOCUMENTS UNDER CONDITIONS RESTRICTING THE RELEASE OF INFORMATION. BRAZIL, THE STORY SAID HAD SHOWN NO INTEREST IN AN AGREEMENT.

THE AIR AND FOREIGN MINISTRIES HAVE REFUSED TO COMMENT ON THE SUBJECT. LOCKHEED'S REP IN BRAZIL, RETIRED BRIGADEIRO MULLER BOTELHO, REPORTEDLY SIT THAT PERHAPS EVERYTHING MAY BE A MISUNDERSTANDING. ACCORDING TO "JORNAL", BOTELHO SAID HIS COMMISSION ON THE \$27 MILLION SAL OF 5 C-130'S TO THE BRAZILIAN AIR FORCE WAS MUCH LESS THAN 10 PERCENT.

6. BRASILIAN'S "CORREB BRAZILIENSE" QUOTED FROM A LETTER APPEARING IN THE VILLAGE VOICE" LINKING LOCKHEED WITH GOVERNOR CARTER DURING HIS INCUBUNCY. THE OFTEN NENSA-TIONALIST "CORREO" ATTRIBUTED THE EMBASSYS ABSOLUTE SILENCE TO THE "DELICACY" OF THE LOCKHEED SUBJECT, WHICH HAS POSSIBLE CONNECTIONS TO THE US ELECTORAL CAMPAIGN.

7. COMMENT. THUS FAR NONE OF THE PRESS STORIES HAS MADE CONFIDENTIAL

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PAGE 03 BRASIL 08655 072112Z

ANY REFERENCE TO THE SHORT-LIVED FLAP IN JULY 9175 ABOUT ALLEGED NORTHROP PAYMENTS INVOLVED IN THE SALE OF F-5'S TO BRAZIL(REF C D). FOLLOWING THE AIR MINISTRY'S RELEASE ON JULY 3, 1975 OF NORTHROP DENIAL OF ILLEGAL PAYMENTS, THIS ISSUE NEVER AGAIN APPEARED IN THE BRAZILIAN PRESS, POSSIBLY BECAUSE OF CENSORSHIP. ON THE SAME DAY, THE AIR MINISTRY ANNOUNCED ALSO THAT IT WOULD NOT MAKE AN INVESTIGATION IN THE CASE.

8. WERE ANY EVIDENCE OF LOCKHEED ILLICIT PAYMENTS IN BRAZIL TO SURFACE, THERE COULD BE AN EFFECT ON THE IMAGE OF THE REVOLUTION AND OF THE GEISEL ADMINISTRATION, PARTICULARLY IF IT SEEMS OUTWARDLY TO MAKE NO MORE EFFORT TO SEEK THE TRUTH THAN IN THE NORTHROP CASE. THE APPEARANCE OF PRESS CHARGES SEVERAL MONTHS AGO OF EXCESSIVE ALLOWANCES AND OTHER BENEFITS FOR HIGH PUBLIC SECTOR OFFICIALS HAS MADE OFFICIAL MALFEASANCE A MORE SENSITIVE ISSUE IN BRAZIL.
JOHNSON

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